

Message Text

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ACTION EB-08

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INFO AMEMBASSY BRASILIA
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E.O. 11652: N/A
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SUBJECT : SEA-LAND PRESENTATION BEFORE INTERAGENCY COMMITTEE

REFERENCE : STATE 035108

1. AT 10:00 HOURS ON FEBRUARY 17, MARATT KINSELLA AND EMBASSY ECON/COMM OFFICERS MARSHALL AND BASH ATTENDED A CIDETI PUBLIC HEARING IN THE MINISTRY OF TRANSPORT, BRASILIA. THE HEARING WAS SCHEDULED TO CONSIDER SEA-LAND'S FORMAL APPLICATION OF DECEMBER 2, 1977, TO OPERATE THIRTY-FIVE FOOT CONTAINERS IN BRAZIL. THE SESSION, WHICH LASTED APPROXIMATELY TWO HOURS, WAS WELL ATTENDED BY UNITED STATES AND BRAZILIAN STEAMSHIP FLAG INTERESTS. IN ADDITION TO THE PRESENCE OF THE FULL MEMBERSHIP OF CIDETI, COUNSELOR HELCIO TAVARES PIRES, CHIEF, TRANSPORT DIVISION, MINISTRY OF FOREIGN AFFAIRS, ALSO ATTENDED. COMANDANTE ABREU, PRESIDENT OF CIDETI, OPENED THE MEETING WITH A BRIEF STATEMENT AS TO ITS PURPOSE. THE ROSTRUM WAS THEN TURNED OVER TO SEA-LAND'S ZAVEN BOGHOSSIAN WHO, ASSISTED BY OTHER OFFICIALS OF THE COMPANY (SEE REFTTEL, PARA 5), PRESENTED AN AUDIO-VISUAL DEMONSTRATION, FOLLOWED BY A QUESTION AND
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ANSWER PERIOD. BEFORE ADJOURNING THE MEETING, ABREU INFORMED THE ATTENDEES THAT A CLOSED SESSION OF CIDETI IS SCHEDULED TO CONVENE ON FEBRUARY 24 TO FURTHER CONSIDER THE SEA-LAND REQUEST. HOPEFULLY, A FAVORABLE DECISION WILL BE REACHED AT THIS TIME.

2. THE PRESENTATION CONCENTRATED ON CONVINCING BRAZILIAN

AUTHORITIES THAT SEA-LAND UNDERSTANDS AND RESPECTS THE REQUIREMENTS OF LAW 6288 AND DECREE NO.80145, WHICH PROVIDE THAT CONTAINERS IN BRAZIL'S FOREIGN COMMERCE MUST MEET ISO (INTERNATIONAL ORGANIZATION FOR STANDARDIZATION) SPECIFICATIONS. RECOGNIZING THAT THIRTY-FIVE FOOT CONTAINERS ARE NOT ISO-APPROVED, THE THRUST OF THE PRESENTATION CLEARLY ENUNCIATED THAT SEA-LAND HAS NO INCLINATION TO VIOLATE OR CHANGE BRAZILIAN LAW BUT, ON THE CONTRARY, DESIRES TO OPERATE WITHIN EXISTING LAW WHICH THE COMPANY INTERPRETS AS PROVIDING AN EXCEPTION TO THE ISO PROVISION UNDER THE PRINCIPLE OF RECIPROCITY, AS SET FORTH UNDER ARTICLE 30 OF LAW 6288 AND ARTICLE 60 OF DECREE NO.80145. REPLYING TO A CIDETI INQUIRY, SEA-LAND INDICATED THAT ALTHOUGH THE COMPANY ENVISIONED EXPANDING SERVICE TO INCLUDE FORTY-FOOT (ISO) CONTAINERS, SUCH COULD NOT BE ANTICIPATED BEFORE SEVEN TO TEN YEARS.

3. DISMISSING SUGGESTIONS OF POTENTIALLY MONOPOLISTIC OPERATIONS, SEA-LAND ATTEMPTED TO PERSUADE THE MEMBERS OF CIDETI THAT ITS 35-FOOT CONTAINER SYSTEM WILL WORK IN BRAZIL SINCE, IT CONCLUDES, THE SYSTEM IS COMPATIBLE WITH EXISTING INTERMODAL SYSTEMS IN MORE THAN FIFTY-SIX COUNTRIES AND TERRITORIES THROUGHOUT THE WORLD WHERE IT INDICATED THAT IT HAS A PROVEN RECORD OF SUCCESS AND WHERE OTHER CONTAINER SYSTEMS, UTILIZING TWENTY AND FORTY FOOTERS, OPERATE IN HARMONY WITH SEA-LAND. BY MEANS OF WELL ARTICULATED FACTS AND APPROPRIATE VISUAL AIDS, THE PRESENTATION ATTEMPTED TO DEMONSTRATE THAT THE SEA-LAND LIMITED OFFICIAL USE

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SYSTEM IS COMPATIBLE WITH ALL BRAZILIAN RAIL AND TRUCK SYSTEMS. IN ADDITION, THE COMPANY EMPHASIZED THAT ITS SYSTEM WILL REQUIRE NO ADDITIONAL INVESTMENT FROM BRAZIL OR ITS PORTS AND THAT, ON THE CONTRARY, SEA-LAND IS PREPARED TO INVEST TIME AND CAPITAL TO INSURE BENEFITS TO THE BRAZILIAN VENTURE AND ECONOMY WHICH, THE COMPANY CONTENDED, WILL CREATE JOBS IN PORT AREAS, CONTRIBUTE TO RELATED INDUSTRIES, SUCH AS CHASSIS MANUFACTURING, AND OTHERWISE PROVIDE ADDITIONAL BUSINESS FOR BRAZILIAN TRUCKERS AND RAILROADS.

4. SEA-LAND MADE A GENUINE EFFORT TO ASSURE BRAZILIAN OFFICIALS THAT THERE IS NO ENGINEERING OR OPERATIONAL REASON TO PREVENT THE COMPATIBLE AND SUCCESSFUL OPERATION OF ITS THIRTY-FIVE FOOT CONTAINER SYSTEM IN BRAZIL. THROUGHOUT THE PRESENTATION, IT WAS STRESSED THAT THE ONLY PROBLEM TO BE SOLVED AT THIS STAGE IS OF A LEGAL NATURE.

5. IN SPITE OF THE EXCELLENT PRESENTATION BY SEA-LAND, NO INDICATION WAS GIVEN BY COM ABREU AS TO CIDETI'S FINAL DECISION. WEEKEND PRESS TREATMENT SUGGESTS, HOWEVER, THAT CIDETI MAY STILL HAVE STRONG RESERVATION REGARDING SEA-LAND'S APPLICATION. MARATT/EMBASSY WILL FOLLOW UP AT THE CONCLUSION

OF THE CIDETI MEETING OF FEBRUARY 24.

6. EMBASSY CONCURS.

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